

## World Of Stones Private Limited

February 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	1.17 (Reduced from 2.33)	CARE BBB-; Stable	Downgraded from CARE BBB; Stable
Long-term / Short-term bank facilities	45.00	CARE BBB-; Stable / CARE A3	Downgraded from CARE BBB; Stable / CARE A3+
Short-term bank facilities	15.50 (Enhanced from 15.17)	CARE A3	Downgraded from CARE A3+

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to bank facilities of World of Stones Private Limited (WSPL) is considering deterioration in operational performance marked by net losses in FY24 and FY23 (Audited; period refers from April 01 to March 31). Ratings continue to remain constrained considering moderate scale of operations and significant geographical concentration of its revenue profile. Ratings are also constrained due to susceptible margins due to foreign exchange fluctuation considering un-hedged portion, presence in competitive stone processing industry with prospects linked to cyclical real estate sector and easy availability of substitute products.

However, ratings continue to derive strength from vast experience of its promoters and established track record of operations in stone processing industry with established presence in UK market and strategic location of its processing facilities. Ratings also consider WSPL's moderate capital structure, debt coverage indicators and adequate liquidity position.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustaining scale of operations to above ₹350 crore with improving operating margins and profit after tax (PAT) margins to above 7% and 3%, respectively, on a sustained basis.
- Improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage above 4x and total debt / PBILDT below 3x.
- Improvement in operating cycle to below 120 days.

#### Negative factors

- Overall gearing exceeding 1.2x on a sustained basis.
- Decline in operating margin to below 3% leading to deterioration in debt coverage indicators.

### Analytical approach: Consolidated

The list of companies considered in WSPL's consolidation is mentioned in Annexure-6.

### Outlook: Stable

The stable outlook reflects CARE Ratings Limited (CARE Ratings) view that WSPL will sustain its financial risk profile with a moderate scale of operations and capital structure in the near-to-medium term considering an established operational track record in the stone processing industry.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters with established track record

WSPL was incorporated in 1977 by the Kalani family. The company's operations are currently managed by Narayan Swarup Kalani, Utkarsh Kalani, and Harsh Kalani. Narayan Swarup Kalani, managing director, has about four decades of experience and manages the company's legal compliance. Utkarsh Kalani, executive director, has about two decades of experience and manages domestic procurement and production activities, while Harsh Kalani, executive director, has about two decades of experience and looks after international marketing activities including marketing operations of overseas subsidiaries. WSPL's business operations benefit from the promoter's long-established track record in the stone processing industry and the marketing network developed over

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

the years. The company manufactures a variety of tiles and slabs, and other stone products made of sandstone, which is used for exterior flooring, landscaping, wall covering, and stone craft, among others.

### **Established presence in European market, although high geographical concentration**

The company mainly exports, and majority export revenue is derived from European countries, primarily United Kingdom (UK). Over the years, WSPL has developed a strong marketing network in the overseas market. To expand its network, it has set up its own subsidiaries and step-down subsidiaries in overseas markets. WSPL sells its product to its subsidiaries, which is further sold in their markets through dealers. Subsidiaries are also involved in direct trading in their domicile markets. On a consolidated basis, revenue from the UK stood at over ~90% of the total revenue, thus exposing the company to adverse events or demand slowdown in these regions. To counter this, WSPL has also started focusing on the domestic market and has set up nine retail showrooms across key cities, including Delhi, Mumbai, Bengaluru, Ahmedabad, and Ludhiana. Geographically diversifying its revenue profile will be crucial for the company's credit risk profile.

### **Strategic locations of processing units**

WSPL's key processing facilities are near Kota, Rajasthan, making it easier to access its primary raw material – sandstone, which is available abundantly in nearby areas. The processing unit at Nellore has been strategically started as the region has high availability of limestone. The company's product portfolio includes sandstone-based tiles and slabs for exterior flooring. WSPL has developed good business relations with quarry owners and dealers, deriving benefits from lower logistic cost, easy and timely availability, and procurement of raw materials at effective prices.

### **Moderate capital structure and debt coverage indicators**

WSPL's capital structure deteriorated, however, continues to remain moderate marked by overall gearing at 0.97x (PY:0.79x) in FY24. Deterioration is considering higher utilisation of WC limits. Moreover, with no major ongoing debt-funded capex, WSPL's overall financial risk profile is expected to remain moderate in the medium term. Net worth remained at ₹138.11 crore as on March 31, 2024. Debt coverage indicators stood moderate marked by PBILDT interest coverage of 2.19x (PY:1.91x) in FY24. Total debt to gross cash accrual (TD/GCA) deteriorated to 14.85 years as on March 31, 2024, from 13.39 years as on March 31, 2023.

### **Key weaknesses**

#### **Net losses in FY24 and FY23 and moderate scale of operations**

The company's total operating income (TOI) improved by ~13% year-over-year (y-o-y) in FY24 but remained moderate at ₹388.70 crore against ₹343.01 crore. Improvement was considering rebound of demand in export market which was adversely affected in FY23 due to Russia-Ukraine war. For 9MFY25, TOI remained at ₹330.75 crore. WSPL's PBILDT margin on a consolidated basis remained at 4.39% for FY24 against 3.88% for FY23. With higher finance charges and depreciation, WSPL reported net losses of ₹3.56 crore and ₹3.81 crore in FY24 and FY23, respectively.

#### **Susceptibility to foreign exchange fluctuation risk**

WSPL derives majority revenue from exports, against which it has negligible imports. Export sales constituted ~over 90% gross sales in three years ended FY24. Against this, the company avails part of its working capital limits in foreign currency, providing a natural hedge to an extent. The company hedges the balance portion of its foreign currency receivables by signing forward contracts. However, there is a risk of the impact on profitability due to foreign exchange fluctuations in case of un-hedged forex exposure or time lag in hedging. The company reported forex gain of ₹6.10 crore against loss of ₹4.82 crore in FY23 on a consolidated basis due to foreign exchange rate fluctuation.

#### **Prospects linked to cyclical real estate sector with intense competition and availability of substitute products**

As the company is mainly involved in exports in concentrated markets, it is exposed to the risk of a slowdown in demand for its products in those target markets and changing preference towards substitute products. There are substitute products easily available in the market and WSPL faces competition from these. Demand for the company's products is linked to the cyclical real estate sector. The stone industry is also marked with innumerable unorganised players, resulting in intense competition.

### **Liquidity: Adequate**

WSPL's liquidity stood adequate with sufficient cash accruals, low scheduled debt repayment considering nominal outstanding term debt and moderate utilisation of working capital limits. The company does not envisage large debt funded capex over the next few years. The average utilisation of fund based working capital limit stood ~66% in the last nine months ended December 2024. Net cash flow from operating activities stood negative at ₹25.82 crore in FY24 owing to increase in debtors and inventories. However, operating cycle remains high due to sizeable inventory holding owing to product variety and inventory at retail levels and limited credit period available from suppliers. In FY24, inventory holding period remained at 119 days (PY: 168 days) and collection period at 80 days (PY: 90 days) which resulted in operating cycle at 150 days in FY24 from 208 days in FY23. Current ratio remained at 1.33x as on March 31, 2024, against 1.42x as on March 31, 2023.

## Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Other construction materials	Other construction materials

WSPL, earlier known as Shree Agencies Private Limited, was initially incorporated in June 1977 by Ramesh Chandra Kalani and Ram Swarup Kalani. The company started processing natural stone by setting up its processing unit at Kota in 2003 and has gradually increased its processing capacity. WSPL mainly processes and sells sandstone and limestone-based tiles, slabs, and other products with sandstone-based product constituting the major portion of its revenue. The company also generates power through renewable source of windmill.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (P)
Total operating income	343.01	388.70	330.75
PBILDT	13.31	17.08	NA
PAT	-3.81	-3.56	
Overall gearing (times)	0.79	0.97	
Interest coverage (times)	1.91	2.19	

A: Audited, P: Provisional, NA: Not available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** CRISIL has reviewed WSPL's rating under 'Issuer not cooperating' vide its press release dated May 28, 2024, considering inadequate information from the company to carry out review.

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30-04-2026	1.17	CARE BBB-; Stable
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	5.00	CARE BBB-; Stable / CARE A3
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	40.00	CARE BBB-; Stable / CARE A3
Fund-based - ST-Post Shipment Credit		-	-	-	9.20	CARE A3
Fund-based - ST-Post Shipment Credit		-	-	-	5.80	CARE A3
Non-fund-based - ST-Bank Guarantee		-	-	-	0.30	CARE A3
Non-fund-based - ST-ILC/FLC		-	-	-	0.20	CARE A3

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	1.17	CARE BBB-; Stable	-	1)CARE BBB; Stable (28-Mar-24) 2)CARE BBB; Stable (03-Apr-23)	-	1)CARE BBB; Stable (21-Mar-22)

2	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	5.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3+ (28-Mar- 24)  2)CARE BBB; Stable / CARE A3+ (03-Apr- 23)	-	1)CARE BBB; Stable (21-Mar- 22)
3	Fund-based - ST- Post Shipment Credit	ST	5.80	CARE A3	-	1)CARE A3+ (28-Mar- 24)  2)CARE A3+ (03-Apr- 23)	-	1)CARE BBB; Stable (21-Mar- 22)
4	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	40.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3+ (28-Mar- 24)  2)CARE BBB; Stable / CARE A3+ (03-Apr- 23)	-	1)CARE A3+ (21-Mar- 22)
5	Fund-based - ST- Post Shipment Credit	ST	9.20	CARE A3	-	1)CARE A3+ (28-Mar- 24)  2)CARE A3+ (03-Apr- 23)	-	1)CARE A3+ (21-Mar- 22)
6	Non-fund-based - ST-Bank Guarantee	ST	0.30	CARE A3	-	1)CARE A3+ (28-Mar- 24)  2)CARE A3+ (03-Apr- 23)	-	1)CARE A3+ (21-Mar- 22)
7	Non-fund-based - ST-ILC/FLC	ST	0.20	CARE A3	-	1)CARE A3+ (28-Mar- 24)	-	1)CARE A3+

						(28-Mar-24)		(21-Mar-22)
						2)CARE A3+ (03-Apr-23)		

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Fund-based - ST-Post Shipment Credit	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple
5	Non-fund-based - ST-ILC/FLC	Simple

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

#### Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	World of Stones UK Holding Limited	Full	Subsidiary (100%)
2	World of Stones USA LLC	Full	Subsidiary (100%)
3	Global Stone (Colchester) Limited (Wholly owned subsidiary of World of Stones UK Holding Limited)	Full	Step-down Subsidiary
4	Kalani Infrastructure Private Limited	Moderate	Associate (21.76%)
5	Shree Developers (Partnership Firm)	Moderate	Associate (53.00%)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: 044-28501001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Kalpesh Ramanbhai Patel Director <b>CARE Ratings Limited</b> Phone: 079-40265611 E-mail: <a href="mailto:kalpesh.patel@careedge.in">kalpesh.patel@careedge.in</a></p> <p>Sajni Shah Assistant Director <b>CARE Ratings Limited</b> Phone: 079-40265636 E-mail: <a href="mailto:Sajni.Shah@careedge.in">Sajni.Shah@careedge.in</a></p> <p>Karan Mehta Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Karan.mehta@careedge.in">Karan.mehta@careedge.in</a></p>
---	--

**About us:**

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

**Disclaimer:**

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**